

NEWS RELEASE



STATE OF ALABAMA
Department of Industrial
Relations
News For Immediate Release
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Employment Service Closings Imminent if Legislation Fails

MONTGOMERY, ALABAMA, March 8, 2006 Services for Alabama job seekers and employers could again be dramatically reduced if Enhancement Legislation is not passed by the state legislature before March 31, 2006. Those services include matching job seekers with employer job openings. In Alabama, we have a labor force of over two million and last year the Employment Service staff in Career Centers assisted one of every five of these workers seeking first jobs, new jobs, or better jobs.

The Enhancement legislation enhances federal funding by taking .06 percent of the state unemployment tax paid by employers, and using it to fund personnel who are primarily focused on getting unemployed workers back in the workforce, thereby shortening their time drawing unemployment benefits. It does not cost employers any additional tax cost.

“Everybody wins, says Phyllis Kennedy, director of the Department of Industrial Relations (DIR). “It's good for the unemployed worker, good for the employer's tax rate, and good for the Alabama economy.”

“Failure to pass the Enhancement Bill will have a devastating effect on our Career Center System,” says Dr. Tim Alford, director of the Office of Workforce Development. “Inaction will effect all our programs because they share costs for facilities with the Employment Service. If they pull out, it jeopardizes our workforce partners ability to continue. I hope a compromise will be reached and the Enhancement Bill will pass.”

The legislation has been in effect since 1989 and was set up to be renewed every two years. It has been extended five times since its original passage.

Because of further decreased federal funding, if the legislation is not passed by March 31, DIR

will need to close the majority of local offices across the state. Last year, over 20 Alabama Career Centers were closed from a lack of federal funding. Currently there are 32 Career Centers in the state, and with no enhancement money the state may need to reduce Career Centers down to about 10. The closings would be necessary because about 120 employee positions in Career Centers are funded through enhancement.

Enhancement money is used to conduct the Claimant Assistance Program which helps unemployment compensation claimants find jobs more quickly, thus preserving the amount of money in the State Unemployment Trust Fund that is used to pay benefits. In turn, this helps to keep down the tax rate paid by Alabama employers.

Services provided under the Claimant Assistance Program include: job referral, job development, job search workshops, resume preparation, and job search planning.

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Industrial Relations is an umbrella organization of state government which administers: the State Employment Service, Unemployment Insurance, Workers' Compensation, and Labor Market Information. Smaller programs also administered include Abandoned Mine Land Reclamation, Mine Safety and Inspection, and Surface Mining of Non-Fuel Minerals. For more information on DIR visit the Web site: <http://dir.alabama.gov>.